

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
Report on Timing of NECA Pool True-Up)	
Submissions and FCC Form 492 Interstate)	WC Docket No. 05-29
Earnings Monitoring Reports)	
)	

Reply Comments of TCA, Inc. – Telcom Consulting Associates

I. Introduction and Summary

TCA, Inc. - Telcom Consulting Associates (“TCA”) hereby submits these reply comments in response to the Public Notice¹ issued in the above-captioned proceeding.

TCA is a consulting firm that performs financial, regulatory, management, and marketing services for over eighty small, rural local exchange carriers (LEC) throughout the United States. The issues being addressed involve the pooling and tariff process employed by the National Exchange Carriers Association (NECA) and therefore affect TCA’s clients.

NECA’s recommendations to improve the reporting and tariffing processes² should be adopted by the Commission. TCA will reply to comments made by General Communication, Inc. (GCI), in which recommendations are made to substantially curtail the process NECA has implemented to ensure the accuracy of cost study submissions by pool members.

II. NECA’s Proposals to Revise the Pooling and Tariffing Process are Reasonable and Should be Adopted by the Commission

¹ *Public Notice* (DA 05-323), issued February 4, 2005, in WC Docket No. 05-29

² *Report on Timing of NECA Pool True-Up Submissions and FCC Form 492 Interstate Earnings Monitoring Reports*, WC Docket 05-29, January 28, 2005 (*NECA Report*)

NECA's report represents the culmination of a comprehensive review of its pooling procedures aimed at addressing concerns raised by the Commission in the review of NECA's 2004 annual access charge tariff filings.³ TCA, and two other consulting firms, provided information regarding the annual NECA cost study process,⁴ and NECA incorporated these comments into its report. NECA's recommended changes represent a substantial departure from past practices, and considering the support from the national organizations and cost consulting firms such as TCA, should be given great weight by the Commission in formulating NECA pooling policies from this point forward.

TCA supports and stresses comments made by the Associations about the importance of NECA and its interstate access tariffs and revenue pools.⁵ Therefore, any change made to NECA's procedures must not threaten the efficacy of the NECA tariffing and pooling process in ensuring the accuracy of the data submitted by pool members and the resulting reliable revenue requirement recovery provided for the pool members.

TCA notes AT&T's concurrence with NECA's proposed pooling and tariffing revisions.⁶ AT&T, in contrast with GCI, does not oppose NECA's recommendation to extend the date for filing final adjustments to the Form 492 process by four months,⁷ which would provide for additional efficiencies and accuracy of reported data. Given the lack of reasonable opposition to NECA's proposals (TCA will address GCI's comments below), the Commission should adopt the changes presented in NECA's Report.

III. GCI's Proposal to Further Compress the Cost Study Timeline Should be Rejected

TCA has substantial concern about GCI's opposition to NECA's proposed pooling and tariffing processes revision, and its alternative suggestion as to the cost

³ July 1, 2004 Annual Access Tariff Filings, *Memorandum Opinion and Order*, WC Docket 04-372 (rel. November 30, 2004)

⁴ *NECA Report*, at Attachment A, exhibits 1, 2, and 3

⁵ See Comments of NTCA, OPASTCO, ITTA, WTA, and USTA (Associations) at p. 3

⁶ See Comments of AT&T, p. 4

study data submission timeline. Specifically, GCI suggests that the timing of NECA pool true-ups and ICLS and LSS true-ups should coincide with the current nine-month window for filing final Form 492 reports.⁸ TCA opposes GCI's suggestions for the reasons discussed below.

Despite the time and effort NECA spends in describing cost study preparation activities and review procedures, GCI glibly suggests all annual cost studies can and should be complete by September 30, with no exceptions.⁹ Not only is this suggested procedure impractical, it also threatens the very framework under which NECA ensures the information provided by its member companies is accurate and reasonable.

While TCA believes most annual cost studies can and should be complete by July 31, there is need for exception when legitimate reasons are present as to why individual companies cannot comply with the deadline. NECA provides ample evidence that the cost study preparation process is an extremely involved, complicated, and individualized (based on the reporting RLEC) undertaking.¹⁰ Considering that NECA, with TCA's support, has already proposed to: 1) eliminate the rolling 24-month true-up process; and 2) shorten the true-up period to a calendar year, 12-month, window, the Commission should allow NECA pool members additional flexibility, for legitimate reasons, to submit final studies, or corrections to previously filed studies, using NECA's proposed timeline.

In addition to concerns regarding the ability of all NECA pool members to submit final cost study information in the timeline proposed by GCI, there is possibly a greater concern about NECA's ability to effectively review such submissions to ensure the aggregate pool information is as accurate as possible and complies with FCC rules. NECA describes in detail the process it uses to review annual cost study submissions.¹¹ Included in NECA's review process is compliance with FCC cost allocation and affiliate transaction rules, compliance with FCC

⁷ *Id.*, p. 5

⁸ See Comments of GCI, p. 2

⁹ *Id.*

¹⁰ See *NECA Report*, p. 7 – 8 and Attachment A, including letters from JSI, TCA, and GVNW.

¹¹ *Id.*, p. 8 – 9 and Attachment B.

separations and access charge rules, and conformance with NECA's cost issues manual. Through this quasi-regulator role, NECA provides reasonable assurance that its tariff rates are accurate and its Form 492 interstate earnings reports represent the best possible data. Even though the consulting firms represented in Attachment A in large part ensure compliance with the above issues in relation to their clients, NECA's review is vital to establishing a system of checks and balances that is the basis of rate of return regulation. Under GCI's proposed timeline, NECA's ability to perform cost study reviews would be greatly curtailed, which could lead to reduced accuracy of pool earnings information to the Commission.

IV. Conclusion

TCA commends NECA for the obvious effort made to review its pooling and tariffing procedures, and to provide the Commission with legitimate and reasonable ways to improve those processes. TCA agrees with NECA's assessment that the 24-month rolling pool adjustment window is outdated and is in need of change, and that NECA's proposed streamlining of the true-up window is a reasonable and realistic way of accomplishing needed changes. Establishing the cost study true-up timeline consistent with that of the ICLS and LSS processes provides for added efficiency, but does not compress the process so much as to threaten the accuracy of the pooling data. GCI's proposal to shorten the cost study true-up timeline to equal the Form 492 reporting period would only serve to decrease the pool data's accuracy, and would not allow for the flexibility needed for companies to submit data after July 31 for legitimate reasons. For these reasons, TCA urges the Commission to adopt the proposals made in NECA's report as written.

Respectfully submitted,

[electronically filed]
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